

ACCOUNTING GUIDELINES

The Community Mental Health Services Block Grant (MHBG) quarterly reports and year-end cost report will be completed and records maintained in a manner consistent with the following regulations, laws, guidelines, and policies listed in the order of precedence:

- Public Health Service Act as amended by Public Law (P.L.) 102-321 and P.L. 106-310 (Children's Health Act of 2000), and the related Code of Federal Regulations.
- Office of Management Budget Circular (OMB) A-110, "Uniform Requirements for Grants to State and Local Governments."
- Office of Management Budget Circular (OMB) A-133, "Audits of States, Local Governments, and Nonprofit Organizations."
- State Administrative Manual (SAM) applicable provisions for Federal Block Grant reporting requiring the submittal of quarterly reports.
- Applicable provisions of law, primarily provisions of Welfare and Institutions (W&I) Code, and regulations related to reporting for Block Grant funded mental health services.
- Department of Mental Health (DMH) policies with respect to Federal Block Grant costs allowability and applicability in Substance Abuse and Mental Health Services Administration (SAMHSA) letters, DMH policy letters and directives. Many of these policies provide additional guidance and clarification regarding allowable costs set forth by state or federal statute, regulations, or guidelines. However, the DMH policies may deal with costs not considered by these statutes or regulations or that may differ from guidelines such as The Provider Reimbursement Manual (HCFA 15-1) or OMB Circular A-87. To the extent that the policies of the DMH differ from the provisions of guidelines such as HCFA 15-1 or OMB Circular A-87, the Department's policies shall prevail.
- Provisions of the HCFA 15-1 manual utilized to determine the allowability of costs where allowability is not governed by the specific and general Block Grant provisions, State law, regulations, SAMHSA letters, or DMH policy letters. Some of these provisions provide additional guidance and clarification regarding allowable Block Grant costs.
- Provisions of the Federal OMB Circular A-87 regarding allowable county overhead costs. The pro rata County Overhead Plan approved by the State Controller will be acceptable for budget and cost report purposes, but for audit purposes will be adjusted in accordance with State statute to actual cost reimbursement. Where there are other differences, such as self-insurance allowable cost, the DMH policies shall prevail.

Enclosure III

- “Federal First Dollar” policy -- refer to DMH Letter No. 90-07.